Market

Trends

Q3 2023

Mpls/St Paul - Retail

REDI

MOODY'S ANALYTICS | Catylist

MARKET TRENDS

Q3 2023 | Mpls-St Paul | Retail

Employment

	Current	Y-o-Y
Employment	1,973,615	▲
Area Unemployment	3.2	▲
U.S. Unemployment	3.8	▲
Retail Jobs	202,900	▲

Source: BLS

*Employment figures and area unemployment are based on Mpls-St Paul MSA data.

Market Recap

Total Inventory (sf)	95,010,197
Total # of Bldgs (tracked)	1,916
Absorption	177,244
Vacancy	8.2%
Asking Rate (NNN)	$18.02
Under Construction	610,167

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Mpls-St Paul metropolitan statistical area (MSA) increased 50 basis points to 3.2% for August 2023 from 2.7% for August 2022. The unemployment rate for the US was at 3.8% in August 2023 increasing 10 basis points from last year. State of Minnesota unemployment rate was 3.1%. The Mpls-St Paul MSA saw an increase in job growth and retail also increased in job growth in leisure and hospitality by 15,200 during the same period.

Market Overview

The Mpls-St Paul retail market consists of over 95 msf of space in seven metro counties. This region posted 177,000 sf positive absorption for Q3 2023 and brought the YTD to (510,000) sf negative absorption. Multi-tenant properties had 96,600 sf positive absorption this quarter bringing the YTD to (360,000) sf negative absorption. The vacancy rate for the overall market was 8.2% and multi-tenant only properties shows 11.4%. To date there are 42 construction projects throughout the market totaling 610,000 sf.

Market Highlights

At the close of Q3 2023, the market experienced over 437,500 sf of leasing activity from 129 transactions. The Southeast market posted the lowest vacancy rate at 5.8% for all properties while Mpls CBD was the highest at 28.5%. The Southeast market led all markets posting positive absorption of 96,000 sf led by the new delivery of Lunds/ Byerlys 44,000 sf. Mpls CBD market was the only market to post negative absorption of (18,600) sf. During Q3 2023, 84 properties sold with 2.1 msf totaling $149 million in sale price. Sixteen properties were delivered YTD with 169,000 sf.

Market Statistics by Property Type

Total

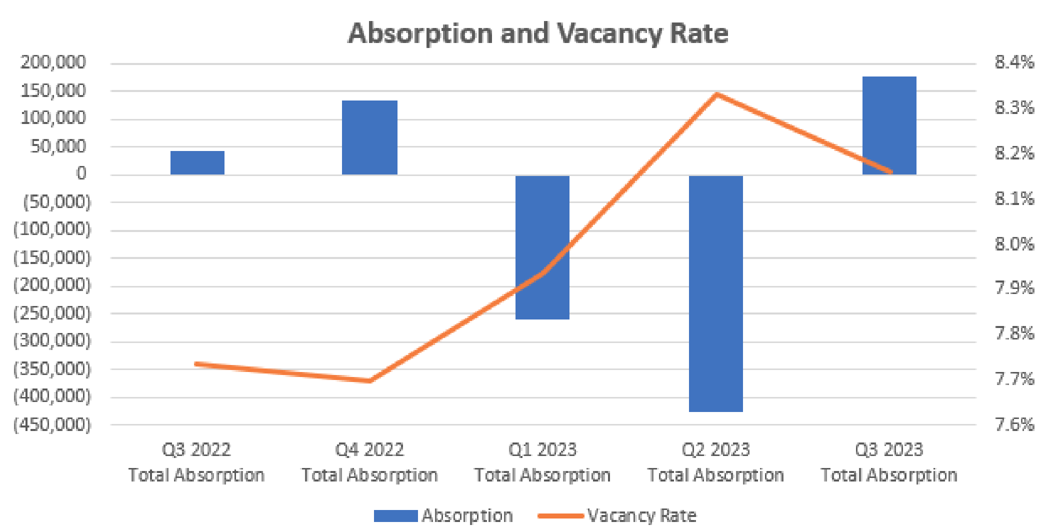
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	71	11,611,437	1,689,672	1,806,175	11,425	(197,945)	15.6%
Freestanding/Big Box	601	39,154,821	808,152	1,392,792	113,198	(117,420)	3.6%
Mixed Use	195	7,323,668	1,283,290	1,371,548	(19,630)	(79,407)	18.7%
Neighborhood Center	337	19,080,741	1,467,172	1,511,095	75,256	38,193	7.9%
Regional Center	9	7,018,869	1,051,133	1,005,219	(41,168)	(186,680)	14.3%
Strip Center	703	10,820,661	768,775	666,246	38,163	32,973	6.2%
Grand Total	**1,916**	**95,010,197**	**7,068,194**	**7,753,075**	**177,244**	**(510,286)**	**8.2%**

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	71	11,611,437	1,582,150	1,698,653	11,425	(159,099)	14.6%
Freestanding/Big Box	601	39,154,821	544,429	1,228,369	114,065	(101,471)	3.1%
Mixed Use	195	7,323,668	1,237,133	1,338,651	(19,630)	(83,899)	18.3%
Neighborhood Center	337	19,080,741	1,373,941	1,419,064	30,345	(42,028)	7.4%
Regional Center	9	7,018,869	1,051,133	1,005,219	(41,168)	(186,680)	14.3%
Strip Center	703	10,820,661	765,879	664,550	39,859	29,602	6.1%
Grand Total	**1,916**	**95,010,197**	**6,554,665**	**7,354,506**	**134,896**	**(543,575)**	**7.7%**

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	71	11,611,437	107,522	107,522	0	(38,846)	0.9%
Freestanding/Big Box	601	39,154,821	263,723	164,423	(867)	(15,949)	0.4%
Mixed Use	195	7,323,668	46,157	32,897	0	4,492	0.4%
Neighborhood Center	337	19,080,741	93,231	92,031	44,911	80,221	0.5%
Regional Center	9	7,018,869			0	0	0.0%
Strip Center	703	10,820,661	2,896	1,696	(1,696)	3,371	0.0%
Grand Total	**1,916**	**95,010,197**	**513,529**	**398,569**	**42,348**	**33,289**	**0.4%**



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Mpls CBD	Community Center	1	147,643			1,296	1,296	0.0%
	Freestanding/Big Box	2	273,416			0	0	0.0%
	Mixed Use	63	2,939,979	842,993	956,469	(19,920)	(49,110)	32.5%
	Strip Center	2	18,520	5,206	5,206	0	(5,206)	28.1%
	Subtotal	**68**	**3,379,558**	**848,199**	**961,675**	**(18,624)**	**(53,020)**	**28.5%**
Northeast	Community Center	24	3,857,852	602,282	657,163	(36,207)	(126,034)	17.0%
	Freestanding/Big Box	201	13,372,978	372,082	674,510	69,465	42,822	5.0%
	Mixed Use	20	551,087	30,940	41,281	809	3,094	7.5%
	Neighborhood Center	94	5,407,491	473,348	521,746	58,716	20,909	9.6%
	Regional Center	4	2,725,830	390,523	347,613	(29,873)	(127,219)	12.8%
	Strip Center	206	3,242,925	225,058	225,443	13,385	4,986	7.0%
	Subtotal	**549**	**29,158,163**	**2,094,233**	**2,467,756**	**76,295**	**(181,442)**	**8.5%**
Northwest	Community Center	8	1,331,047	89,671	168,604	0	0	12.7%
	Freestanding/Big Box	87	5,586,293	35,109	477,611	0	(203,975)	8.5%
	Mixed Use	22	844,122	39,594	45,683	(5,952)	(13,694)	5.4%
	Neighborhood Center	58	3,359,829	216,493	275,208	4,869	(5,665)	8.2%
	Strip Center	125	1,817,318	158,943	94,269	10,174	9,950	5.2%
	Subtotal	**300**	**12,938,609**	**539,810**	**1,061,375**	**9,091**	**(213,384)**	**8.2%**
Saint Paul CBD	Mixed Use	14	568,156	91,834	84,528	0	(2,539)	14.9%
	Subtotal	**14**	**568,156**	**91,834**	**84,528**	**0**	**(2,539)**	**14.9%**
Southeast	Community Center	22	3,643,806	518,972	534,992	13,132	38,355	14.7%
	Freestanding/Big Box	185	12,808,734	289,161	169,650	44,600	44,600	1.3%
	Mixed Use	29	1,005,168	86,883	61,690	7,541	(2,360)	6.1%
	Neighborhood Center	108	5,972,271	425,136	425,494	16,229	37,415	7.1%
	Regional Center	1	609,991	206,374	206,374	0	0	33.8%
	Strip Center	207	3,043,501	195,533	183,884	15,189	21,701	6.0%
	Subtotal	**552**	**27,083,471**	**1,722,059**	**1,582,084**	**96,691**	**139,711**	**5.8%**
Southwest	Community Center	13	2,235,680	335,076	310,076	33,204	21,580	13.9%
	Freestanding/Big Box	96	5,465,652	111,800	71,021	(867)	(867)	1.3%
	Mixed Use	29	891,003	94,510	81,439	(2,108)	(5,412)	9.1%
	Neighborhood Center	48	2,818,209	155,221	137,441	1,992	14,758	4.9%
	Regional Center	2	2,087,941	401,352	401,352	(14,631)	(86,933)	19.2%
	Strip Center	110	1,783,701	105,051	77,052	(1,701)	2,980	4.3%
	Subtotal	**298**	**15,282,186**	**1,203,010**	**1,078,381**	**15,889**	**(53,894)**	**7.1%**
West	Community Center	3	395,409	143,671	135,340	0	(133,142)	34.2%
	Freestanding/Big Box	30	1,647,748			0	0	0.0%
	Mixed Use	18	524,153	96,536	100,458	0	(9,386)	19.2%
	Neighborhood Center	29	1,522,941	196,974	151,206	(6,550)	(29,224)	9.9%
	Regional Center	2	1,595,107	52,884	49,880	3,336	27,472	3.1%
	Strip Center	53	914,696	78,984	80,392	1,116	(1,438)	8.8%
	Subtotal	**135**	**6,600,054**	**569,049**	**517,276**	**(2,098)**	**(145,718)**	**7.8%**
Grand Total		**1,916**	**95,010,197**	**7,068,194**	**7,753,075**	**177,244**	**(510,286)**	**8.2%**

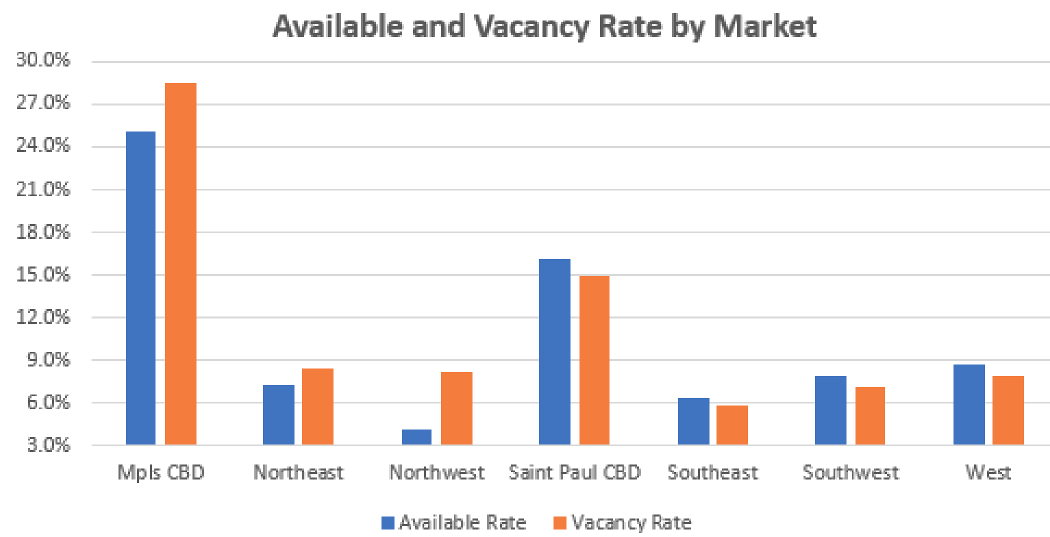
Vacancy Rates

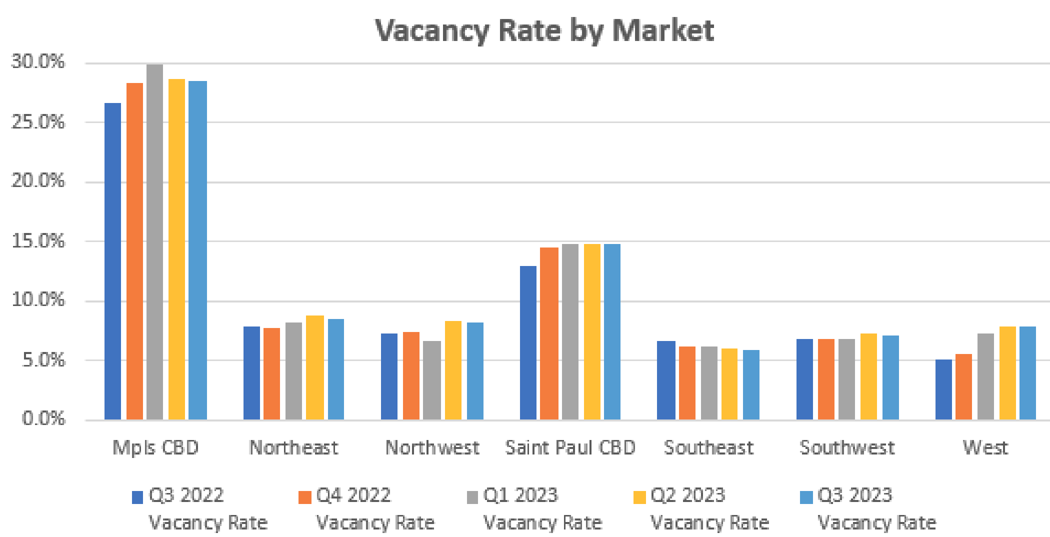
Market	Property Type	Q3 2022 Vacancy Rate	Q4 2022 Vacancy Rate	Q1 2023 Vacancy Rate	Q2 2023 Vacancy Rate	Q3 2023 Vacancy Rate
Mpls CBD	Community Center	0.9%	0.9%	0.9%	0.9%	0.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	30.8%	32.7%	34.2%	33.0%	32.5%
	Strip Center	0.0%	0.0%	28.1%	28.1%	28.1%
	Subtotal	**26.7%**	**28.4%**	**29.9%**	**28.8%**	**28.5%**
Northeast	Community Center	13.0%	13.8%	14.9%	16.1%	17.0%
	Freestanding/Big Box	5.1%	5.1%	5.4%	5.6%	5.0%
	Mixed Use	7.7%	8.1%	7.9%	7.6%	7.5%
	Neighborhood Center	9.8%	10.1%	10.7%	10.7%	9.6%
	Regional Center	11.1%	8.1%	8.8%	11.7%	12.8%
	Strip Center	6.6%	6.9%	7.1%	7.3%	7.0%
	Subtotal	**7.8%**	**7.7%**	**8.2%**	**8.7%**	**8.5%**
Northwest	Community Center	11.7%	11.7%	11.7%	12.7%	12.7%
	Freestanding/Big Box	4.9%	4.9%	5.2%	8.5%	8.5%
	Mixed Use	2.6%	3.8%	2.7%	4.7%	5.4%
	Neighborhood Center	11.6%	11.3%	8.6%	8.3%	8.2%
	Strip Center	5.5%	5.8%	5.9%	5.7%	5.2%
	Subtotal	**7.3%**	**7.3%**	**6.7%**	**8.3%**	**8.2%**
Saint Paul CBD	Mixed Use	13.0%	14.4%	14.9%	14.9%	14.9%
	Subtotal	**13.0%**	**14.4%**	**14.9%**	**14.9%**	**14.9%**
Southeast	Community Center	16.0%	15.7%	15.0%	15.0%	14.7%
	Freestanding/Big Box	1.7%	1.1%	1.4%	1.4%	1.3%
	Mixed Use	6.2%	5.8%	6.8%	7.0%	6.1%
	Neighborhood Center	8.0%	8.2%	8.0%	7.4%	7.1%
	Regional Center	19.7%	19.7%	19.7%	19.7%	33.8%
	Strip Center	7.3%	6.8%	6.7%	6.6%	6.0%
	Subtotal	**6.6%**	**6.2%**	**6.2%**	**6.1%**	**5.8%**
Southwest	Community Center	17.4%	14.8%	14.4%	15.4%	13.9%
	Freestanding/Big Box	0.0%	1.3%	1.3%	1.3%	1.3%
	Mixed Use	8.2%	8.4%	8.0%	8.9%	9.1%
	Neighborhood Center	5.5%	5.6%	5.1%	4.9%	4.9%
	Regional Center	16.3%	15.1%	16.7%	18.5%	19.2%
	Strip Center	3.7%	4.6%	4.3%	4.3%	4.3%
	Subtotal	**6.8%**	**6.8%**	**6.8%**	**7.2%**	**7.1%**
West	Community Center	0.6%	0.6%	25.6%	34.2%	34.2%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	19.8%	17.9%	19.1%	19.2%	19.2%
	Neighborhood Center	6.5%	8.0%	8.6%	9.5%	9.9%
	Regional Center	3.9%	4.8%	4.7%	3.3%	3.1%
	Strip Center	3.8%	8.3%	8.5%	8.9%	8.8%
	Subtotal	**5.1%**	**5.6%**	**7.3%**	**7.8%**	**7.8%**
Grand Total		**7.7%**	**7.7%**	**7.9%**	**8.3%**	**8.2%**

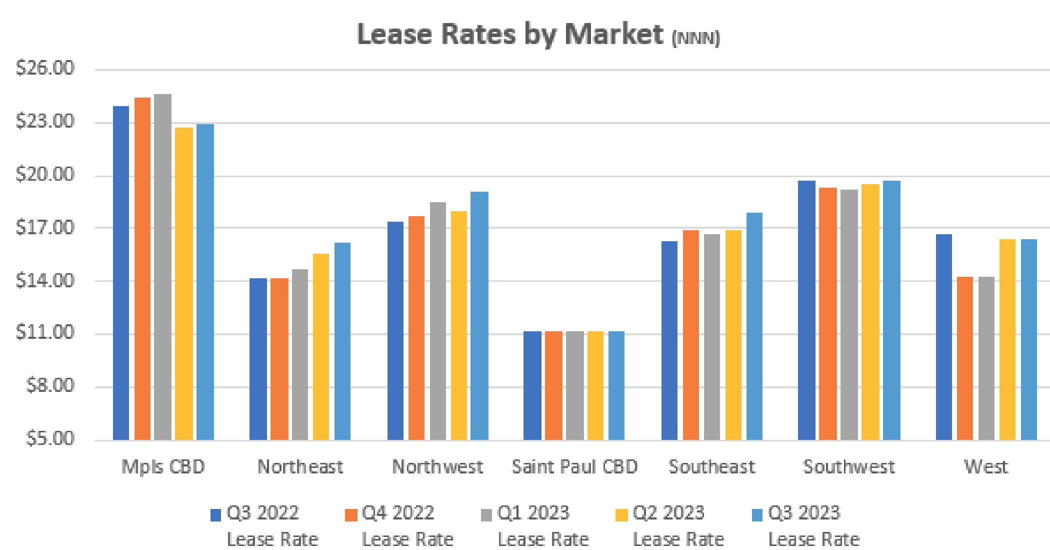
Lease Rates (NNN)

Market	Property Type	Q3 2022 Lease Rate	Q4 2022 Lease Rate	Q1 2023 Lease Rate	Q2 2023 Lease Rate	Q3 2023 Lease Rate
Mpls CBD	Community Center					
	Freestanding/Big Box					
	Mixed Use	$23.98	$24.44	$24.59	$22.75	$22.89
	Strip Center					
	Subtotal	**$23.98**	**$24.44**	**$24.59**	**$22.75**	**$22.89**
Northeast	Community Center	$11.50	$8.00	$8.00	$8.00	$8.00
	Freestanding/Big Box	$10.00	$10.00	$10.00	$10.00	
	Mixed Use	$17.58	$17.58	$17.88	$17.25	$17.25
	Neighborhood Center	$12.49	$11.19	$10.82	$11.55	$9.48
	Regional Center					
	Strip Center	$15.17	$15.38	$16.22	$17.09	$17.80
	Subtotal	**$14.21**	**$14.20**	**$14.69**	**$15.58**	**$16.14**
Northwest	Community Center			$15.00	$15.00	$15.00
	Freestanding/Big Box					
	Mixed Use	$15.00	$15.00	$15.00	$15.00	$15.00
	Neighborhood Center	$11.83	$10.75	$10.75	$13.50	$15.50
	Strip Center	$19.25	$19.23	$20.52	$19.75	$20.60
	Subtotal	**$17.36**	**$17.71**	**$18.52**	**$18.01**	**$19.10**
Saint Paul CBD	Mixed Use	$11.17	$11.17	$11.17	$11.17	$11.17
	Subtotal	**$11.17**	**$11.17**	**$11.17**	**$11.17**	**$11.17**
Southeast	Community Center	$17.33	$17.00	$17.00	$17.00	
	Freestanding/Big Box	$11.00	$11.00	$11.00	$11.00	$11.00
	Mixed Use	$15.33	$16.00	$16.67	$16.50	$16.67
	Neighborhood Center	$15.21	$15.78	$14.35	$14.35	$14.35
	Regional Center					
	Strip Center	$17.58	$18.40	$18.66	$19.22	$21.08
	Subtotal	**$16.32**	**$16.85**	**$16.67**	**$16.84**	**$17.86**
Southwest	Community Center					
	Freestanding/Big Box					
	Mixed Use	$22.50	$18.75	$15.00	$15.00	$17.50
	Neighborhood Center	$14.75	$16.17	$17.33	$16.50	$16.50
	Regional Center					
	Strip Center	$20.71	$20.63	$20.38	$21.00	$21.13
	Subtotal	**$19.70**	**$19.31**	**$19.17**	**$19.50**	**$19.75**
West	Community Center					
	Freestanding/Big Box					
	Mixed Use		$9.82	$9.82		
	Neighborhood Center	$13.17	$13.17	$13.17	$13.50	$13.50
	Regional Center					
	Strip Center	$20.26	$22.00	$22.00	$20.75	$20.75
	Subtotal	**$16.71**	**$14.26**	**$14.26**	**$16.40**	**$16.40**
Grand Total		**$17.25**	**$17.40**	**$17.54**	**$17.39**	**$18.03**

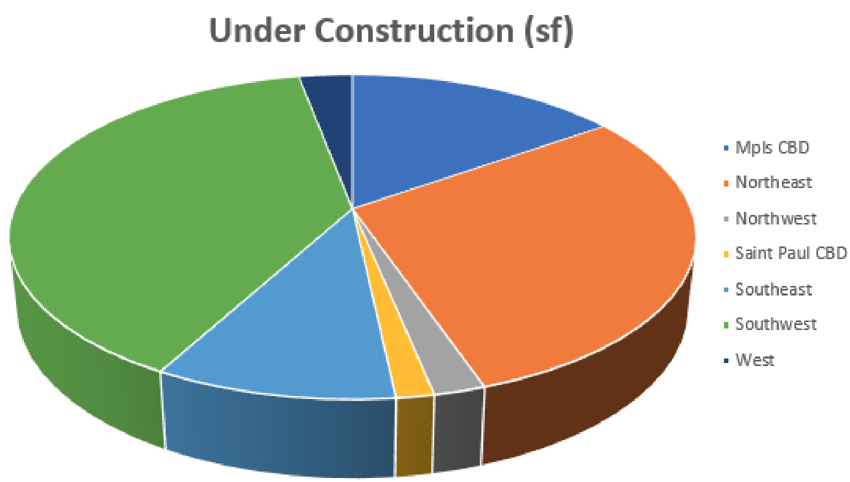
Vacancy and Lease Rates





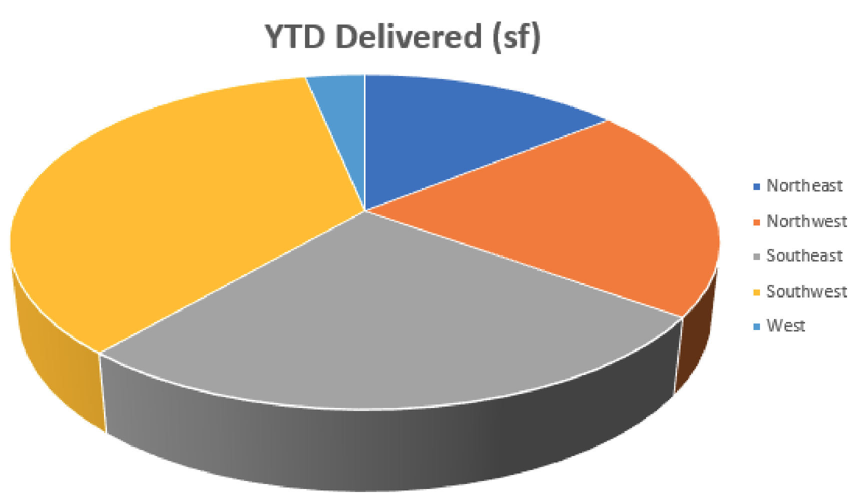


Construction by Market



Market	Bldg (sf)
Mpls CBD	92,891
Northeast	179,941
Northwest	12,622
Saint Paul CBD	9,250
Southeast	59,100
Southwest	238,205
West	18,158
Grand Total	**610,167**

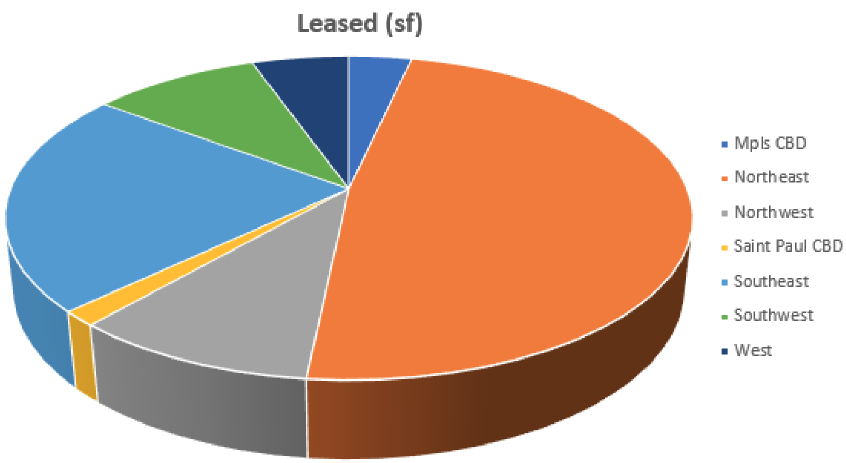
YTD Delivered by Market



Market	Bldg (sf)
Northeast	24,049
Northwest	35,231
Southeast	44,600
Southwest	60,002
West	5,500
Grand Total	**169,382**

Leasing Activity

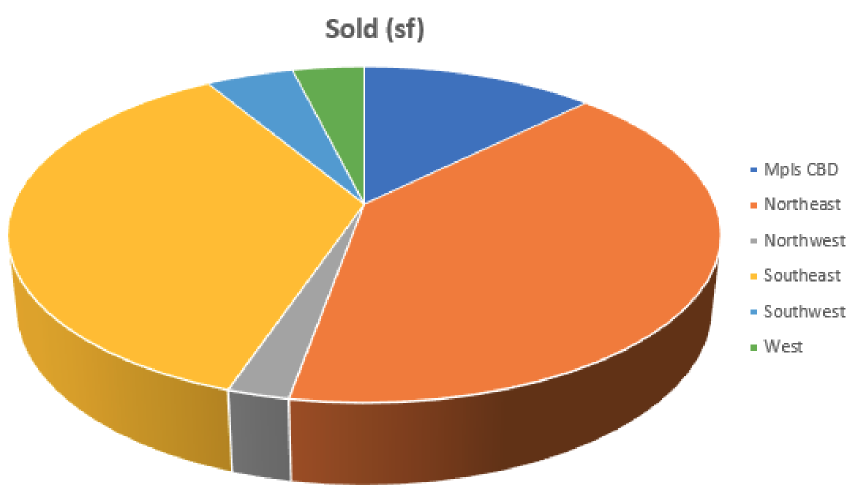
Property	Size (sf)	Market	Tenant	Landlord
1955 County Rd B2 W	35,083	Northeast	RH Outlet	Roseville Properties
5660 Main St NE	26,643	Northeast	Mecca Linens	Beam Propertie LLC
10650 Baltimore St NE	21,279	Northeast	Ball Park America	Elevage REP Blaine, LLC
Riverdale Village 12658 Riverdale Blvd	17,763	Northeast	Planet Fitness	NADG/SG Riverdale Village
Stillwater Market Square 14460 60th St N	15,200	Northeast	Restored Thrift - Expansion	Stillwater Market Square Partners LLC



Market	Leased (sf)
Mpls CBD	15,362
Northeast	210,616
Northwest	42,935
Saint Paul CBD	6,454
Southeast	97,417
Southwest	41,042
West	23,753
Grand Total	**437,579**

Sales Activity

Property	Price	Market	Buyer	Seller
Northtown Mall 100 NE Northtown Dr	$31,000,000	Northeast	Northtown Mall Territories LLC	WPG Northtown Venture LLC
801-811 LaSalle Ave	$9,800,000	Mpls CBD	LaSalle Plaza Ramp, LLC	LaLaSalle Property Company, LLC
4104 Radio Dr	$8,758,869	Southeast	Agree Convenience No. 1, LLC	LCN NTI Multi LLC
18450 Orchard Trl	$6,987,930	Southeast	Agree Convenience No. 1, LLC	LCN NTI Multi (MN) LLC
7630 33rd St N	$6,653,060	Northeast	Agree Convenience No. 1, LLC	LCN NTI Multi (MN) LLC



Market	Sold (sf)
Mpls CBD	267,937
Northeast	854,724
Northwest	50,572
Southeast	768,847
Southwest	100,608
West	82,408
Grand Total	**2,125,096**

Methodology

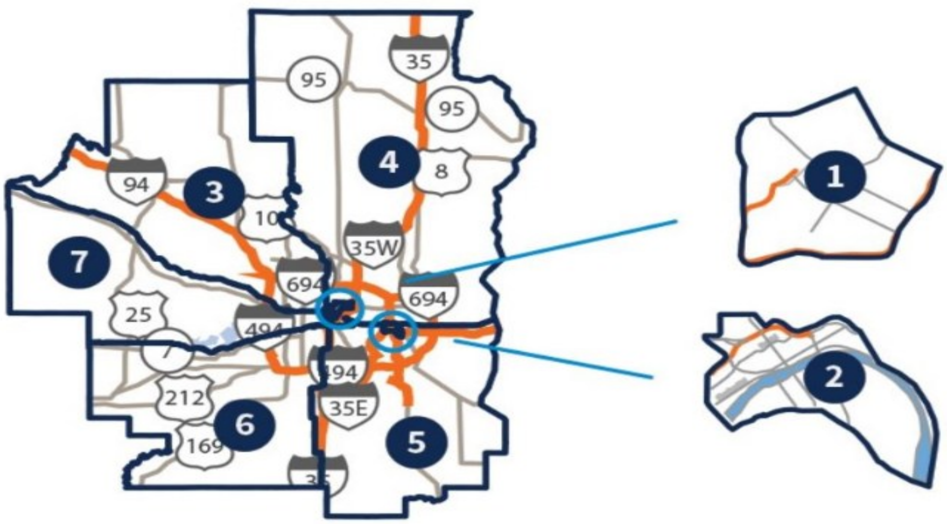
The Mpls-St Paul market consists of multi-tenant and single tenant retail buildings 15,000 sf or larger or are part of a complex larger than 15,000 sf. The geographic area includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The tracked set does include mixed use properties with less than 15,000 sf of retail space. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on NNN terms.

The Mpls-St Paul tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Terminology

Inventory	The total square feet (sf) of existing multi-tenant and single tenant buildings greater than 15,000 sf or are part of a complex that totals greater than 15,000 sf located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a future date because a tenant is planning to move.
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	Space that is offered for lease by a current tenant, or their agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rated expressed as a per square foot value in NNN terms.
Community Specialty	Multi-tenant properties between 100,000-400,000 sf
Freestanding/Big Box	Single tenant properties
Mixed Use	Properties with retail and other uses like office and/or multi-family
Neighborhood Center	Multi-tenant properties between 30,000-100,000 sf
Regional	Multi-tenant properties over 400,000 sf
Strip Center	Multi-tenant properties less than 30,000 sf

Market Map



1 Minneapolis CBD

2 Saint Paul CBD

3 Northwest

4 Northeast

5 Southeast

6 Southwest

7 West

Advisory Board Members

CBRE	David Daly	JLL	Ted Gonsior
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Colliers International	Terese Reiling		Sara Martin
Cushman & Wakefield	Zander Fried	Mid America	Tricia Pitchford
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REDIComps Team

Jeremy Bengtson	CEO	jeremy@redicomps.com	
Chris Allen	Regional Director of Analytics	chris@redicomps.com	952-456-1669
Lisa Bengtson	Regional Director of Sale Comps	lisa@redicomps.com	
Kim Platz	Regional Director of Research	kim@redicomps.com	816-651-6686
Molly Bengtson	Director of Client Services	molly@redicomps.com	715-475-9876
Kelli Carl	Minnesota Listing Specialist	kelli@redicomps.com	660-221-3373
Emma Fonte	Minnesota Listing Specialist	emma@redicomps.com	786-247-2174
Michelle Siegert	Minnesota Listing Specialist	michelle@redicomps.com	816-230-0116